

JUNE 4, 2012

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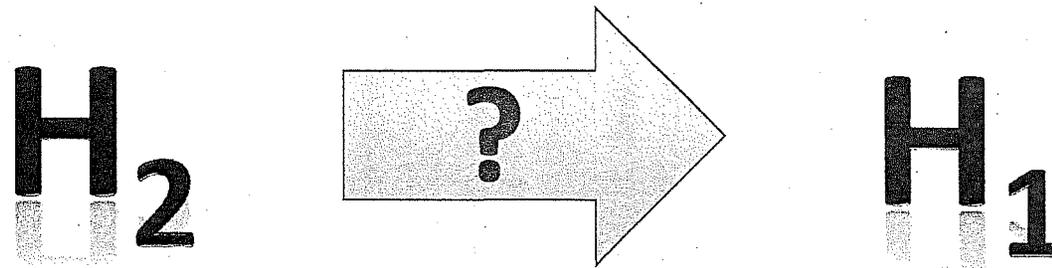
Auto Finance Discrimination Working Group Meeting

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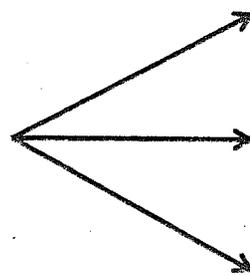
Consumer Financial
Protection Bureau

Auto Finance Discrimination Priority Status



Auto Finance presents a **high risk** of consumer harm in several areas:

1. Point of sale problems



No shopping

No add-ons

Cross-subsidization?

2. Discriminatory practices

3. Scams!

What we are doing now:

- Supervision for compliance with ECOA
- But CMS exams are suboptimal for several reasons:
 - Hackett parade of horrors
 - In seriatim inequality
 - Difficulty creating level playing field—market shares shift to unregulated lenders
 - § 1031 and § 1029

A potential 3-part execution plan:

- 1. ECOA Rulemaking
 - Build a CFPB presence re: Auto Finance (public hearing/event)
 - Issue Bulletin
- 2. Enforcement to root out fringe practices
- 3. Increased CEE outreach for “direct” shopping
 - Consider unique role of Credit Unions

Next steps for Working Group

- Efficiency
- Develop a 30-slide, 90-minute proposal
 - Presenting a fact-based point of view
 - Laying out three things we are going to do to solve this problem
- The Bureau's next priority-setting session is in September.